



# SIGACHI INDUSTRIES LIMITED

CIN : L24110TG1989PLC009497

To

Date: October 30, 2025

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| <b>The Manager</b><br><b>BSE Limited</b><br>P. J. Towers, Dalal Street<br>Mumbai-400001<br>(BSE Scrip Code: 543389) | <b>The Manager</b><br><b>National Stock Exchange of India Limited</b><br>Exchange Plaza, Bandra Kurla Complex<br>Bandra (E), Mumbai- 400051<br>(NSE Symbol: SIGACHI) |
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Dear Sir/Madam,

**Sub: Transcript of the Earnings Call for Q2 FY 2025-26 Results**

**Unit: Sigachi Industries Limited**

In continuation to our letter dated October 24, 2025 audio recording of Q2 FY 2025-26 earnings call, please find attached herewith the transcript of the earnings call held on Friday, October 24, 2025 at 4:30 PM IST. The same is also available on the company's website at [www.sigachi.com](http://www.sigachi.com)

Request you to kindly take the same on record.

Thanking You,

Yours faithfully

**For Sigachi Industries Limited**

**Vivek Kumar**

**Company Secretary & Compliance Officer**



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## “Sigachi Industries Limited Q2 FY2025-26 Earnings Conference Call”

**October 24, 2025**



**MANAGEMENT:** **MR. AMIT RAJ SINHA – MANAGING DIRECTOR & CHIEF  
EXECUTIVE OFFICER, SIGACHI INDUSTRIES LIMITED**  
**MR. O.S. REDDY – CHIEF FINANCIAL OFFICER, SIGACHI  
INDUSTRIES LIMITED**  
**MR. VIVEK KUMAR – COMPANY SECRETARY &  
COMPLIANCE OFFICER, SIGACHI INDUSTRIES LIMITED**

**MODERATOR:** **MS. RIDHI SHAH – GO INDIA ADVISORS**



*Sigachi Industries Limited  
October 24, 2025*

**Moderator:** Ladies and Gentlemen, Good Day and welcome to Sigachi Industries Limited Q2 FY2025-26 Earnings Call hosted by Go India Advisors.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Ridhi Shah from Go India Advisors. Thank you and over to you.

**Ridhi Shah:** Thank you, Iqra. Good afternoon, everyone and welcome to Sigachi Industries Limited Earnings Conference Call to Discuss Q2 & H1 FY26 Results.

We have on the call Mr. Amit Raj Sinha – Managing Director and Chief Executive Officer; Mr. O.S. Reddy, Chief Financial Officer and Mr. Vivek Kumar – Company Secretary and Compliance Officer.

We must remind you that the discussion on today’s call may include certain forward-looking statements and must be therefore viewed in conjunction with the risk that the company faces.

May I now request Amit Raj Sinha to take us through the Company’s business outlook and performance subsequently to which we will open the floor for Q&A. Thank you and over to you, sir.

**Amit Raj Sinha:** Thank you, Ridhi. Good afternoon, ladies and gentlemen and welcome to the Q2 & H1 FY26 Earnings Conference Call of Sigachi Industries Limited.

The Financial Results and Investor Presentations have been uploaded on the stock exchanges. I hope everyone had an opportunity to review them.

I would also like to take this opportunity to wish everyone a very Happy and Prosperous Diwali.

I begin by sharing an update on the ongoing evaluation and restoration effort of our Pashamylaram facility in Hyderabad. The government-led investigation is still underway. However, preliminary findings from our internal review supported by independent safety experts indicate that the incident was caused by a localized dust explosion in the dry section of the facility. The restoration work at Hyderabad unit is progressing in a phased manner. In the meantime, production has been relocated to our Dahej and Jhagadia facilities to ensure uninterrupted supply to our customers. The future course for the Pashamylaram facility will be finalized once the detailed findings of the investigation are received. As part of our comprehensive support measures, Sigachi has rolled out interim compensation and ex gratia financial assistance for the families of the colleagues we lost, as well as those injured. We have taken full responsibility for hospitalization, critical care, and all medical

expenses. Beyond this immediate response, we have strengthened our safety systems across the organization to prevent such occurrences. Comprehensive safety re-audits have also been completed at our Dahej and Jhagadia units. We are taking this opportunity to not only review our systems, but to embed a deeper culture of safety and accountability across all levels of the organization. Sigachi remains fully committed to upholding the highest standards of safety and compliance, ensuring that the well-being of our people always comes first.

From an operational standpoint, I am pleased to share that our facilities continue to operate smoothly, ensuring business continuity. The prompt relocation of production to Dahej and Jhagadia helped us maintain supply consistency for our customers without disruption. This agility demonstrates the strength of our manufacturing network and the operational resilience we have built over the years. Meanwhile, our capacity expansion and the growth initiatives are progressing well. We have fast-tracked a 12,000 MTPA capacity expansion of MCC at the Dahej SEZ facility, where the civil work has already started. Once completed, this will enhance our total MCC capacity to 30,000 MTPA. We expect this unit to be commissioned by Q3 FY27. This expansion will enhance our ability to serve growing global demand and strengthening our position as one of the leading global MCC manufacturers.

On the CCS front, the project continues to move forward steadily, and we are on schedule to commission the plant by Q3 FY27. This facility represents an important step in our strategy to broaden our excipient portfolio and capture opportunities in the high value segment.

We also continue to focus on strengthening margins through portfolio optimization and operational efficiency. Our emphasis remains on high value, high demand products while gradually reducing focus on low-volume SKUs. This disciplined approach ensures better resource utilization, lowers complexity, and support sustainable growth.

We are simultaneously expanding our export footprint in MCC and introducing new value-added products that will contribute meaningfully to profitability over the medium term.

On the API side, we achieved a significant milestone with our new API R&D Center in Hyderabad, now fully operational. The facility consolidates API development and analytical capabilities all under one roof, thus substantially improving our speed-to-market and enabling tighter integration between R&D and manufacturing. It will also serve as a critical enabler as we expand our presence in the regulated markets. This marks an important step in our journey towards becoming a fully integrated pharmaceutical company. The Center will also help accelerate product development, improve compliance readiness, and create long-term value through innovation-driven growth.

We are also advancing our efforts to enter high value regulated markets. To this end, we are actively pursuing approvals from the European Directorate of Quality and Medicine with nearly nine

certificate of suitability filings currently underway. These developments will help us strengthen our position in the regulated geographies and expand our API portfolio with a sharper focus on quality and compliance.

Through these initiatives, Sigachi continues to reinforce its core strength, scaling up its high value business, expanding into regulated markets, and laying a strong foundation for sustainable long-term growth.

Despite the temporary disruption at one of our facilities, our operations remain stable. Our projects are advancing as planned and our long-term direction remains intact.

Looking ahead, we expect to deliver consistent and sustainable growth over the next two to three years, driven by our excipients, APIs, and O&M service.

Our strategic roadmap is clear. We aim to expand capacity, strengthen our product mix, and enhance profitability through operational excellence and disciplined execution. These efforts, combined with our ongoing investments in research, compliance, and infrastructure, will ensure that our growth remains both steady and value-accretive.

The first half of FY26 has been a period of testing and learning for us. It has reaffirmed our resilience of our organization and the dedication of our people. We responded quickly to the challenges, prioritizing the well-being of our teams, stabilizing operations, and ensured business continuity. At the same time, we made steady progress on our strategic priorities, maintaining focus on execution, and of course, long-term value creation. We are deeply grateful to our employees, partners, and shareholders for their continued trust and support during this time. Their confidence in Sigachi continues to motivate us to perform better every day. As we move forward, our focus remains unwavering on safety, operational excellence, and sustainable growth. With the collective strength of our teams and a clear strategic vision, Sigachi is well-positioned to emerge stronger, more agile, and more resilient in the years ahead. With that, I now invite our Chief Financial Officer, Mr. O.S. Reddy to take you through the Financials and the Operational Highlights for Q2 & H1 FY26. Thank you.

**O.S. Reddy:**

Thank you, sir and good evening, everyone. During Q2 FY26, Sigachi reported total operating income of Rs.110.5 crores. EBITDA for the quarter stood at Rs.7.5 crores, reflecting a margin of 6.78%. Net profit came in at Rs.10.5 crores with a PAT margin of 9.59%.

The MCC segment contributed Rs.66.4 crores while the O&M and API segments recorded revenues of Rs.13.17 crores and Rs.18.41 crores respectively. This concludes my updates. We may now open the floor for question-and-answer. Thank you.

- Moderator:** We will now begin the question-and-answer session. The first question is from the line of Rehan Syed from Trinetra Asset Managers. Please go ahead.
- Rehan Syed:** Yes, hello, good evening to the team and thank you for giving the opportunity. So, my first question is on the capacity utilization side. I want to ask, can you share the current capacity utilization plant wise for MCC and what utilization band you are expecting by FY27 considering the plant additions and all?
- O.S. Reddy:** Thank you, Rehan Syed. At Dahej, the total for the first quarter is 4,200 on a half-year basis. Full year it is 8,000. The production, the volume is utilized 3,473 metric tons. It is 82.69% at Dahej. And Jhagadia, it is 6,900 on a full year basis. In the half-year, 3,450 is available and the production volume is 2,806. And 81.33% is utilized and Hyderabad in this quarter is not there. And total 7,650 for the first half-year is available, out of which 6,279 units produced and the utilization as a percentage, it is 82.08%. Around overall, 82% is there. Going forward, we will utilize almost nearly 90% capacity. And after the new facility come into operational, the new one of 12,000 metric tons, then overall capacity will increase to 30,000 metric tons. In half-year FY27, maybe little 50% of new capacities will be utilized or even better.
- Rehan Syed:** Okay. Okay. So just want to clarify, you have said that right now you are running on 90% capacity utilization on full-year basis on FY26, right?
- O.S. Reddy:** Yes. Full-year, we will utilize by end of the year because during the first quarter after resumption of the Hyderabad unit, slowly we are moving from Hyderabad unit, whatever the additional, we have shifted to Dahej and Jhagadia. And the third and fourth quarter, we will utilize the full, we will transfer the capacities and at the end of the year, we may utilize around more than 90%.
- Rehan Syed:** Okay. Fair enough. And my second and last question is around the China competition. So, have you seen any pricing aggression from Chinese MCC suppliers in domestic or export market recently? And have we had to take any pricing cuts in FY26 to protect our volumes?
- O.S. Reddy:** No, not at all. As of now nothing is there.
- Rehan Syed:** Okay. So just could you please more clarify on the MCC Chinese suppliers, like how the margins are moving around and how they are competitive in nature for us?
- O.S. Reddy:** Sorry, I did not get the question.
- Rehan Syed:** Just a broad understanding. Look, I am asking, could you please give me some broad understanding regarding Chinese MCC suppliers, how they are affecting, how they are competitive in nature with our company in export market?

- Amit Raj Sinha:** So, in the regulated markets, Chinese MCC players do not stand a chance. Yes, they have not stood chance and regulated market is much more stringent and we have not seen them competing against us on any particular customer base or targeted markets.
- Rehan Syed:** So, is there any competitive edge that you are playing or like they are not in the same game?
- Amit Raj Sinha:** So, of course, there are certain competitive edges, but Chinese have not really been in competition with Sigachi in the regulated markets.
- Rehan Syed:** Okay, fair enough. And yes, thank you. This is all from my side.
- Moderator:** The next question is from the line of Pritesh from Lucky Investments. Please go ahead.
- Pritesh:** Yes, I just wanted to check on the finished good realizations, both MCC and CCS. So, if you could tell us how they have behaved in this quarter, how they were preceding this quarter, and how they were on a YoY basis. And if there are any material movements on the realization? And then I will ask you a question on raw material, which I will take up next.
- O.S. Reddy:** Yes, yes, Pritesh. This one, Q1 of FY25, the average realization of MCC is Rs.212 per Kg and CCS is Rs.216.
- Pritesh:** Q1 of the current year or you said Q1 of the last year?
- O.S. Reddy:** Q1 of last year FY25, CCS is 216. There is an increase from 212 to 216.
- Pritesh:** So, this is Q2 '26?
- O.S. Reddy:** Yes, sir. Q2, this is the first half year.
- Pritesh:** So, you are giving half year-to-half year?
- O.S. Reddy:** Yes, yes. Half year-to-half year. And Q1 to Q2 also, there is an increase in the price realization, around 214 is there in the first quarter and second quarter, it has increased. On an average, it has come now to 216.
- Pritesh:** Okay. Can you give the same for CCS if possible?
- O.S. Reddy:** CCS, anyway, that is right now it has not come into commercial production. CCS is not there, only small quantities. But as of now, it is not there in our product. It will come in the next October, November of FY26.

- Pritesh:** Did the realizations remain what they were or there were any major fluctuations?
- O.S. Reddy:** There is an increase in realizations, around it is 600-plus is there, and small percentage, there is an increase in CCS also.
- Pritesh:** Okay. There was a sharp reduction in the pulp price. So, what we heard was about a couple of hundred dollar reduction. So, is this correct? And why is it that we are not seeing it in your GP numbers?
- O.S. Reddy:** In some, there are different grades of pulp. In certain grades, there are \$50 per ton, there is a reduction. But still, it did not have impact on the selling price. Selling price, despite of the decrease, it has increased because the demand also is there for the MCC, and enough supply is not there of MCC in the market. That may be one of the reasons.
- Pritesh:** So, the pulp prices have reduced by \$50 to \$100, right?
- O.S. Reddy:** It depends upon the pulp different grades. But certain grades, they are maintaining the same. There is no reduction in prices.
- Pritesh:** At the aggregate level, was there a material reduction in the pulp price?
- O.S. Reddy:** No, not material, maybe very small, minute level.
- Pritesh:** Okay. So, basically in nutshell, the pulp prices are flat to down and the MCC prices realization are up by 2-odd percent?
- O.S. Reddy:** Yes, correct.
- Pritesh:** Okay. Any reason for this disconnect? So, from the supply side, if any changes?
- O.S. Reddy:** Supply overproduction is there, then they will compromise to some extent the price. And it is -
- Pritesh:** No, but what we are hearing is a lot of people have added a lot of capacity, yet the realizations are up. So, what is it that we need to understand on the MCC?
- O.S. Reddy:** Enough supply is not there in the MCC. Still, there is a shortfall.
- Pritesh:** Still short supply.
- O.S. Reddy:** Yes, short supply.

- Amit Raj Sinha:** And I would just like to add in here. See, there are capacities being added, does not necessarily translate to competitiveness in the market, because they cannot compete with three decades old established player which are approved in so many products of our customers. So, capacity addition necessarily does not translate to price reduction to maintain margin or market share.
- O.S. Reddy:** Yes, yes, they cannot experiment a new supplier product. Because the product what they use, suppose if they mix the API product, API product cost is always on higher side. Average, if you take, it may be around Rs.10,000 per Kg. But here, maybe Rs.200 or some Rs.250 or Rs.300 would be there. This, if they mix it to that Rs.10,000 product, then that product quality will go for a task. They see the continuity of the supply and also the vintage and the quality and the customer satisfaction. There are many parameters are there. They do not change the supplier that easily unless there is a proven track record like Sigachi.
- Pritesh:** Okay. Thank you very much.
- Moderator:** The next question is from the line of Lakshminarayanan K G from Tunga Investments. Please go ahead.
- Lakshminarayanan K G:** Yes. Thank you. A few questions. Now, what is our repeat business in general?
- O.S. Reddy:** Almost 80% to 90% is repeat business.
- Lakshminarayanan K G:** So, I look at last year our exports have been around in the range of 55% to 60%. I just want to understand given there has been an accident sometime back, how the customers have reacted to the whole thing -- and have they shifted suppliers and how do we intend to get back the displaced opportunity?
- Amit Raj Sinha:** Yes, Mr. Lakshminarayanan. I would address this. See, there is no denying the fact that there has been a shortfall in the production because one of our units is down. And our customers business continues to be running continuously. So, they are in need of products. We have tried to balance out and prioritize some of our critical customers who do not have a second line of supplier. But there are some customers who we have kind of told them that we will take a couple of months before we can come back with added capacities. So, we have had some mutual comfort, mutual understanding, and we have indicated that we will take a couple of quarters before we come back, until then, they will be looking at alternate suppliers.
- Lakshminarayanan K G:** Got it. And is there a thing that supplies are actually earmarked for Hyderabad and that cannot be moved elsewhere? So, in pharma, it so happens that certain products are earmarked from a particular supplier side, and they do not really change it, and for changing it requires a lot of regulatory

approvals. So, how much of our business cannot be removed from Hyderabad for compliance reasons?

**Amit Raj Sinha:** So, it is not really compliance because what we have done or what our regulatory guys have done is that they have ensured that all the facilities where the same grade of product is established is approved at our vendors end. So, we have something called as a bulk dry grade and then there is a premium sprayed dry grade. That has to be there. In Hyderabad, we had both the bulk ride and the sprayed dry. So, wherever else there was bulked dry, we had the alternate unit approved at the customers end. Wherever else there was sprayed dry, the sprayed dry unit was approved at the customers end. So, I do not believe that the regulatory approval at customers end would have been hampering us in terms of changeover to our other units in Gujarat.

**Lakshminarayanan K G:** Sir, in MCC, can you just give me the mix of different industries actually serve?

**Amit Raj Sinha:** So, I would say a major chunk, nearly 75% to 80% of the mix primarily goes to the pharma and the nutraceutical industry. A small percentage goes to the cosmetic industry. I mean the balance of it is divided between the cosmetic, the food and the chemical industry.

**Lakshminarayanan K G:** Sir, is it possible for us to get into areas like polymer excipients where companies like Evonik is there, is there something which we can actually get into?

**Amit Raj Sinha:** Very much. Very much. I do not deny that. The Sigachi coating portfolio which has kind of started off a couple of quarters back, is something wherein we are getting into the polymers part of the excipients. The coatings is all to do with the polymers, and this is what we have got into, and we continue to expand as our market grows.

**Lakshminarayanan K G:** I just want to understand, what is the revenue coming from this polymer excipient business, and what is the target, sir?

**Amit Raj Sinha:** The revenue at this moment is miniscule because our products are only being sampled out and approved in the new formulations. Wherever the tablet coating as a need is there, our samples are going out and approved. As and when the formulation comes into commercial production, the sales will happen, and that is when it will translate as sales to us also. And at this moment, it will be inappropriate to give out a figure because wherever the samples are getting approved, once the formulation starts commercial production and it catches market, we will be able to ramp up capacities.

**Lakshminarayanan K G:** Thank you. I will come back in queue.

**Amit Raj Sinha:** Thank you, Mr. Lakshminarayanan.

- Moderator:** The next question is from the line of Deepesh J. Sancheti from Maanya Finance. Please go ahead.
- Deepesh J Sancheti:** Could you share any updates on the insurance claim related to the Hyderabad incident? By when do we expect to receive the compensation?
- O.S. Reddy:** Yes, yes, Deepesh. This, already we have filed the application and then all the process is going on, and maybe we are expecting in this Q3 the insurance proceeds against the loss of the fixed assets, that is around 51.48 is there. And we also have the loss of profit, business interruption policy, that it will take a little time. That is there for a period of 12-months, and that will be there may be in the next fourth quarter or at the end of the year we are expecting.
- Deepesh J Sancheti:** Apparently, we also gave significant compensations to the workers who lost their lives and got injured. Is there a policy for that also, where we can claim that, or is it from the company's account only?
- O.S. Reddy:** Yes, to certain extent, we have claimed wherever the PF, ESI, the employee accidental policy, but the rest of the thing, to certain extent, company is bearing, and also, we are seeking the support of the government also.
- Deepesh J Sancheti:** Okay. And when do we expect the Hyderabad facility to resume operations?
- O.S. Reddy:** It is, as of now, the safety protocol and all the sites, even here also, after seeking the regulatory approvals, then we will go ahead. Maybe we will get clarity by the end of this quarter.
- Deepesh J Sancheti:** By the end of this quarter? Okay. Now, I just wanted to understand how much of the loss production from the Hyderabad unit has been compensated to the Jhagadia and Dahej units, if you can just mention about the volumes and the value in this quarter?
- O.S. Reddy:** Yes, volumes, the total capacity of the Hyderabad unit is 6,400 metric tons. Last year, we have increased the capacity of 7,200 metric tons in both the Dahej and Jhagadia facilities. And to some extent, anyway, every year, there is an increase in the demand also. But to some extent, we are shifting this Hyderabad production loss to the Dahej and Jhagadia. And in the Q3, Q4, we will push more, and then the utilization of the Dahej and Jhagadia will be on full scale. And also, that is the reason, earlier itself, we have planned to increase the capacities for the MCC by setting up of a new facility. But now, we have expedited that process, and then it is going on for the increased additional 12,000 metric tons capacity. But as of now, the Hyderabad capacity, we are pushing to the Dahej and Jhagadia.
- Deepesh J Sancheti:** Now, if you can just quantify that how much of the loss production was compensated in this?

- O.S. Reddy:** Yes, yes. The entire whatever we used to have around 6,000 metric tons on operational level. And the entire production, we will shift to Dahej and Jhagadia in Q3 and Q4. But this Q2, we could not push because there are internal safety audits, and then this external consultants help also we took on the expert opinion to avoid any kind of the unfortunate events or any kind of even small things also. That is why we just, we could not push in this quarter fully. But third quarter and fourth quarter, we will utilize it in full. That is already done, this audit and then all safety measures, we took it very at minute level.
- Deepesh J Sancheti:** Right. Thank you so much.
- Moderator:** The next question is from the line of Arnav Sakhuja from Ambit. Please go ahead.
- Arnav Sakhuja:** Hi, thanks for taking my question. So, my first question was basically with regards to the exceptional item that we saw this quarter. So, we saw around Rs.4.7 crores of exceptional items. So, just wanted to know, is this something related to any insurance claim we have got from the fire incident or is it something completely unrelated?
- O.S. Reddy:** Yes. Thank you. In Q1, we have mentioned the total stock loss we have expected, but later on, we realized that that is an excess provision, which was reversed, 4.53. Out of last first quarter, we have provided total 121. And there is a stock loss of 7.66 that was included. But this 4.53, whatever it is there, that one is not there. That is why we have reversed. That is an exceptional item. We have reversed to the exceptional item only.
- Arnav Sakhuja:** So, does that mean that the entire remaining amount, so Rs.121 crores minus Rs.4.7 crores, that will be the total amount borne by the company because of the fire incident?
- O.S. Reddy:** Yes, yes, correct.
- Arnav Sakhuja:** Okay. And a part of this we expect to get back from insurance, right?
- O.S. Reddy:** Yes, yes, this is expected to get it from the insurance the balance amount.
- Arnav Sakhuja:** Right. And if I look at the year-on-year performance, so the gross margin, correct me if I am wrong, has fallen by around 170 bps. So, what is the reason for that? Is it again something related to shifting operations because of the fire incident or any other reason?
- O.S. Reddy:** Yes, this is the reason, shifting of material, there is an involvement of transportation, the transportation is increased. And because of this, there is no other reason. But Q3 and Q4, it will get stabilized.

- Arnav Sakhuja:** Okay. And do we have any estimate as to what shares that exceptional items, the cost that we are bearing for the fire incident being able to get back from insurance, is there any estimate?
- O.S. Reddy:** Yes, there is around Rs.51 crores we will get it from the insurance towards the fixed assets loss. And also, the business interruption policy is there towards loss of profit, that would be around Rs.16.5 crores. Around Rs.65, 66 crores is expected from the insurance, and the stock loss of around 7.66, we have claimed, and now 4.65, we have reversed the balance around 3 crores we will get it from the insurance. Rs.69.5 or around Rs.70 crores we are expecting.
- Arnav Sakhuja:** Okay. So basically, will we bear around Rs.40 crores totally?
- O.S. Reddy:** Yes. Even that also, we are not foreseeing, but we are seeking the help of the government. Maybe that is under discussion anyway.
- Arnav Sakhuja:** Okay. Thank you for answering my questions.
- Moderator:** The next question is from the line of Dhruv Memani from Niveza Investments. Please go ahead.
- Dhruv Memani:** Thank you, sir. Thank you for the opportunity. So I want to know, what is the actual amount of claim filed with the insurance company?
- O.S. Reddy:** The amount filed is 51.48 towards fixed assets loss and the stock loss we claimed is 7.66, but whereas 4.65, it will not come. Anyway, we have reversed. And then this loss of profit around that is calculated at that point of time, that is estimated around Rs.16.5 crores, around Rs.70 crores, all put together.
- Dhruv Memani:** Okay. And so when the 12,000 MCC facility in Dahej will be operational, what would be the peak revenue that the company would achieve from that facility?
- O.S. Reddy:** Yes, from that facility, the peak revenue is around Rs.250 crores.
- Dhruv Memani:** Okay. And what would be the margin bifurcation between -?
- O.S. Reddy:** Can you please repeat? Margin proposition?
- Dhruv Memani:** Yes, when we export MCC and when we domestically supply MCC?
- O.S. Reddy:** Yes, minimum 20% would be there.
- Dhruv Memani:** The difference in EBITDA margin or PAT margin?

- O.S. Reddy:** This is in a way realization margins I am talking about.
- Dhruv Memani:** Okay. In terms of EBITDA?
- O.S. Reddy:** Almost percentage wise, EBITDA is the same would be there, total realizations, the same level only it would be there.
- Dhruv Memani:** Okay. And when do we expect to –?
- O.S. Reddy:** Can you please repeat?
- Dhruv Memani:** When do we expect to receive the approval?
- O.S. Reddy:** In a way we will get clarity in the third quarter that the regulatory approvals also we have to receive.
- Dhruv Memani:** Okay. Thank you, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Himanshu Bisani from Pinpoint X Capital. Please go ahead.
- Himanshu Bisani:** Hi, sir. Thanks for the opportunity. The first question is the percentage of other businesses that include the API and the O&M business percentage wise gone up. So how much of that was from the gross level and how much was that from a decrease in the MCC revenue?
- O.S. Reddy:** Yes, if you see the revenue contribution, MCC has come down from when you see the previous of Q2 versus this year Q2; 81% to it has come down to 60%. And O&M business, it has increased from 8% to 12%. And API business, it has increased from 7% to 17%. And other products, food and nutrition or the other products are 4% to 11%. This is mainly because the MCC has come down and the other operations, it has increased. Otherwise, if the MCC also is increased, more or less in the same level, maybe O&M would be there around 10% and API would be there even less than 10% as of now. But slowly, the API business will increase. And other trade is also just maybe in the 5%-6% level it would be helping there.
- Himanshu Bisani:** Okay. And so, what is our margin difference between our MCC business and O&M business?
- O.S. Reddy:** Yes, almost in O&M, around 20%-22% margin is there. And MCC also except this during the tenure of this unexceptional or a separate incident, after this incident, it has come down. Otherwise, it is almost the same level.

- Himanshu Bisani:** Okay. A couple of questions on the CCS side. Sir, what is the sales mix that we are planning to look at between domestic and export market?
- O.S. Reddy:** Domestic and export market, we give priority to the export only. Obviously, the realizations also on higher side for the exports. And we see the price realization and the supply as this thing, at present from Hyderabad unit, just we wanted to support to our customers. Wherever there is a second choice is there, alternate vendors are there, they will procure for time being and otherwise we supply. We also wanted to support to the customers and also at the same time, we want to increase the realizations. We will just balance it out till such time the production stabilizes.
- Himanshu Bisani:** So, similar to an MCC would be the export mix for the CCS plant as well, right?
- O.S. Reddy:** Yes, yes, yes, correct.
- Himanshu Bisani:** Okay. And sir, finally how superior are the margins, because I think realizations are almost 3.5x for CCS compared to MCC, so, what would be the margin difference in that on EBITDA level?
- O.S. Reddy:** Yes, margins are higher in CCS up to 30%, even better than MCC.
- Himanshu Bisani:** Okay, got it. Yes, that is it for my end. Thank you, sir.
- Moderator:** The next question is from the line of Devang from DD Enterprise. Please go ahead.
- Devang:** Yes, hi, sir. My two questions are there. One, recent announcement was there regarding the IPO utilization fund of Rs.1,000 crores.
- O.S. Reddy:** This IPO utilization of Rs.1,000 crores is not there. That is anyway shareholders approval is there for any borrowing limits. That under Sec.180.1c, we have to take the approval of the shareholders. On higher side, we are taking it for Rs.1,000 crores, but each and every time any changes are there, decision should be taken in the board meeting and also if required shareholder approval and then there is reasonable explanations and announcements will be given to the NSE BSE. This is not the IPO. This is broader levels of the approvals for the any debt in future.
- Devang:** Okay. So, the other question is, the fire incident took place, if I am not wrong, in the last quarter, right?
- O.S. Reddy:** Yes, sir. 30th June, last day of the first quarter.

- Devang:** What is the reason? The promoter holding came down by 4%? It shows like that to the street that might go. Why promoter holding should go down when this disaster has been happened with the company, the promoter should stand with that, right?
- O.S. Reddy:** There is no relation at all. Only thing is, there was LAS, which it was announced and the LAS providers, there was a renewal and then we thought of, instead of renewing, anyway, we thought of paying it. Otherwise, there is no relation also... there is no correlation.
- Devang:** No, no, I am not getting it. It is a loan against security was there, right, what you are telling me?
- O.S. Reddy:** Loan against share. When we have issued preferential warrants, at that time, the promoters also participated equally. At that time, they borrowed funds and then infused it into the company only. And later on, at the time of renewal, we have two options; either we have to secure, we have to put in more shares, because the share price also has come down or we have to repay it. Instead of that, we have repaid some amount, reason it has come down. Otherwise, nothing is utilized or nothing is taken away from any other.
- Devang:** Any other future plans to reduce the stake?
- O.S. Reddy:** As of now, no plans are there.
- Devang:** No, if you are going to borrow Rs.1,000 crores, that will be the debentures?
- O.S. Reddy:** Yes, that may be a bank debt. It is not 1,000 crores debt that is there, at a broader level it has taken, but all the companies, they will take for the future requirement also, they will take the approval of the shareholders at once. That is the reason it is -
- Devang:** No, no, no, I am understanding like if you are going to issue the equity shares, or if you are not going to issue the equity shares, then like it is a bank debt, I want to understand the plan?
- O.S. Reddy:** Devang, this one, equity and this Rs.1,000 crores, there is no correlation. This is only for debt. If we want to raise a bank debt, there a limit should be available. And even NCD also limit should be available. That is completely related to debt only, not equity.
- Devang:** Okay, that is fine. Thank you.
- Moderator:** The next question is from the line of Karthik, an individual investor. Please go ahead.
- Karthik:** Good evening, sir. During these tough times, the management has given a better number. I would like to congratulate for all the efforts you are putting in. I have two questions. One is on the promoter

shareholding has been pledged and it is getting revoked and a lot of shares are coming into the market. I understand promoter also have their personal life. It is their shares, they can do it. But it kind of paints in a wrong way to outside. So is there more shares getting liquidated because of this pledging and revoking, is there anything in the plan, how you can handle this, because it is giving us a jittery as an individual investor?

**O.S. Reddy:**

Thank you, Karthik. As of now, there is no plans for further selling or further reducing. But only this thing, there was a clause as I told to the previous question. There was a renewal already one year over and then at the time of renewal, either we have to pledge more shares or we have to repay, because of that, some shares were sold and then repaid, otherwise, nothing is there.

**Karthik:**

Second question is, like outcome of incident, we should learn the best practices, and we should apply to our other four manufacturing plants. So how much capital we are looking to improve the existing sites to improve the process and improve the machinery or safety scenarios, so how much capital we are going to spend for the remaining manufacturing plants?

**O.S. Reddy:**

In terms of capital, it is very minute amounts only. Only thing is the precautionary measures and then why, what is the reason, what is the root cause and we called the suppliers of the equipment and there are internal safety audits with external teams also and safety protocols, safety trainings. Earlier also we were doing but still we are rigorously doing these kind of things only, taking precautionary measures. But there is no direct involvement of the CAPEX. But wherever it is required or the professionals if they suggest, then we do not mind incurring, but safety is our prime motto.

**Karthik:**

Thank you, sir. I will join in the queue.

**Moderator:**

The next question is from the line of Ritesh Bhagwati from Alpha Plus Capital. Please go ahead.

**Ritesh Bhagwati:**

Hi, first of all, thanks for taking my question. Well, I just want an update on our working capital days and the trajectory for the full year?

**O.S. Reddy:**

Thank you, Ritesh. The working capital days, as of now, the DSO days are around more than 100-days is there. But now we have started measures for reducing first quarter to this quarter also there is a reduction. And also the payables are around 30-days it is there. And the stock is around raw materials already some excess stock is there because for the Hyderabad unit we have already placed the orders and the material is coming. And then now we have immediately after the incident we have asked them to stop but still some material it has come. Maybe around 100-days if you take the receivables and then stock is 60-days and minus 30-days around 120 to 130-days is the working capital cycle.

- Ritesh Bhagwati:** Okay, thanks. Thanks for that clarification. And my last question is on the pledge that we hold as on date. So like how do we see its trend going ahead like to plan to de-pledge it and if that is the case, how and what could be the scenarios that would help us achieve that?
- O.S. Reddy:** Thank you, Ritesh. As of now we do not have any plans specific, but if required based upon the requirement suppose if there is any capital infusion and then participation then definitely it will go up. But as of now there is no pledge, will not go up, but at the same time in long run wanted to increase the stake. Promoters will participate in further issues and then slowly the promoters holding will be increased. Pledge percentage either we will maintain or it may reduce little. It depends upon the requirement of the company and then obviously promoters intend to increase their stake.
- Ritesh Bhagwati:** Okay, that is very comforting. I mean that is it for my end. Thanks for taking my question.
- O.S. Reddy:** Thank you, Ritesh.
- Moderator:** The next question is from the line of Raheel S from Sapphire Capital. Please go ahead.
- Raheel S:** Sir, first few questions. We are running at 18,000 units per annum capacity as we speak, right, which we expect to be utilizing 90% by the year end?
- O.S. Reddy:** Yes, absolutely.
- Raheel S:** Okay, that is the clarification. And secondly, any revenue or margin guidance for FY26 and FY27 once we have the new capacity running of the addition of 12,000 metric tons, any sort of outlook or guidance there?
- O.S. Reddy:** Yes, thank you, Raheel. Anyway, that is future this thing. But okay, of course, as we said in the last quarter also, we hope we will be achieving not less than 575. But there is a possibility to increase further also by end of March. And also the 12,000 metric tons additional capacity, it will generate on its full capacity around Rs.250 crores. But FY27, a part of the revenue is expected to come from that additional expansion. But growth also would be there. But this year, maybe some small disturbances would be there. Of course, it will be better in Q3 and Q4. But going forward, it will turn around and then it will do the regular growth.
- Raheel S:** Okay, got it. Thank you and all the best.
- O.S. Reddy:** Thank you.
- Moderator:** The next question is from the line of Shashank Agarwal from Cisco. Please go ahead.

- Shashank Agarwal:** Sir, just two questions. Sir, what are your plans on the Orvakal facility? And sir, what is the global demand for MCC and CCS?
- O.S. Reddy:** The Orvakal facility that just in the API, this anyway we have not announced, but we have different plans are there, we will come up with an announcement for that either API or MCC. Internally, we have worked out, but after getting a concrete decision if we take, then after the approval of the board, we will announce it, Shashank.
- Shashank Agarwal:** So, this will be after all the expansions that you have planned?
- O.S. Reddy:** Simultaneously also we can plan, but we have worked out different, different projects, different, different this thing with extensive works we have done, and then we have clarity, but we have not taken any decision, but that decision has to be taken by the board, and then later on we will announce it. But at this point of time -
- Amit Raj Sinha:** However, Shashank, I would say that over the next 30-days, we are expecting the environmental clearance to be issued by the government for that Orvakal facility.
- Shashank Agarwal:** Okay, sir. And, sir, for the API segment, the four CEPs that have been filed. Sir, when are you expecting the approval?
- Amit Raj Sinha:** Sir, I mean, the queries are going back and forth. It will be difficult to quantify a timeline, but I believe that we should be in a position to have it cleared within the next two or three quarters.
- Shashank Agarwal:** So, the revenue guidance that given for the year, that still stands for API segment?
- Amit Raj Sinha:** Very much.
- Shashank Agarwal:** The second question is regarding the global demand for MCC and CCS?
- Amit Raj Sinha:** So, MCC, the global demand is expected to touch \$1.4 billion by 2034.
- Shashank Agarwal:** Okay. Sir, can you give it in quantity terms?
- Amit Raj Sinha:** So, there are not many documented reports on quantities. Most of the capacities of the leaders are in quantities, but when it comes to the demand, it is always in billion dollars. It is not really quantified as metric tons. And whereas CCS by 2035 is expected to touch about \$800 million or \$900 million.
- Shashank Agarwal:** Okay. Thank you, sir.

- Moderator:** The next question is from the line of Dinesh Kulkarni from Finsight. Please go ahead.
- Dinesh Kulkarni:** Thanks for taking my question. Sir, can you just tell me like what is the kind of capital expenditure for this year and next financial year we expect? I am assuming part of the facility which has been damaged, including that.
- O.S. Reddy:** Yes, the CAPEX for the entire this year and next year, whatever we have planned I can tell, but whatever we have not announced, I cannot disclose here. But for the MCC 12,000 metric tons, it would be around Rs.100 crores CAPEX is there, out of which the revenue generation would be Rs.250 crores. And CCS, we need to spend maybe around Rs.60 crores additionally, and then there is already available around Rs.33 crores. We may not incur the entire amount by end of this year. But these are the CAPEX plans already we have finalized and then we are going ahead. The implementation also is going on.
- Dinesh Kulkarni:** Okay, sounds good. So, my question is related to, see, the incident which we had in one of the facilities. Is it impacting our clearances or expansion projects across other plants, I mean, because this is all related with the government regulations and authorities?
- O.S. Reddy:** No, no, no, there is no effect at all. But the other states are also very eagerly inviting us, and they are asking us to set up the plants in the other states and even within the state also.
- Dinesh Kulkarni:** Okay, that sounds great. Okay, thanks for taking my questions and all the best.
- Moderator:** The next question is from the line of Athar Syed from Smart Sync Services. Please go ahead.
- Athar Syed:** I have only one question. Related to this incident, what is the amount we are expecting as insurance claim and when do we expect this claim?
- O.S. Reddy:** Insurance amount expected is around Rs.70 crores including loss of profit. And we get the clarity, or we are expecting at least ad hoc amount in Q3.
- Moderator:** The next question is from the line of Siddhant Maheshwari, an individual investor. Please go ahead.
- Siddhant Maheshwari:** Sir, my question will be slightly repeat of the previous question. Sir, whether this Rs.121 crores of exceptional item, that includes only the fire-related compensation or the loss of machinery related amount? And my question is that will the company be able to recover the fire-related compensation amount also from the insurance company or the claims are only for the loss of machinery and building?

- O.S. Reddy:** Yes, Siddhant. Thank you. This total Rs.121 crores includes fixed assets of around Rs.51.48 crores and there is a stock of loss of Rs.7.66 crores and the compensation and medical expenses are Rs.59.35 crores and there is a GST reversal of Rs.2.52 crores, all put together it is Rs.121 crores. And now the claim expected is around Rs.70 crores is there including the loss of profit and the stock loss also. And the medical expenses compensation to some extent it is covered under a separate group insurance and ESI, PF, EDLI. But the compensation also we are taking the support of the government and that is not yet finalized. If the reduction is there, that will be reversal. Once that is confirmed, we will reverse the compensation also. And on receipt of the claim, we will reverse this. That will be treated as -
- Siddhant Maheshwari:** Sir, do you expect any further fire-related compensation in the subsequent quarters or we are already done?
- O.S. Reddy:** All these losses already we have provided. There will not be any separate provision on this. And we are expecting some ad hoc amount in Q3 from the insurance.
- Siddhant Maheshwari:** Okay. Thanks a lot.
- Moderator:** The next question is from the line of Shivaji Mehta, an individual investor. Please go ahead.
- Shivaji Mehta:** Hi, thank you for this opportunity. Sir, there was some news article regarding the insurance report when it was tabled in the chief secretary's office. There was some news item that our facilities could be blacklisted and the state government may not provide future incentives to Sigachi. Just what are your inputs regarding this?
- O.S. Reddy:** We do not have any information on this.
- Shivaji Mehta:** Got it. This could be just rumours then. Sir, my next question was regarding this insurance claim of Rs.51 crores. That is dependent on the insurance report being positive and in favor of what we are claiming. So, what is the probability as per you that we will get a positive report from the insurance companies?
- O.S. Reddy:** Yes, yes. We are expecting positive report only. We do not have any second thoughts on that. We do not have any other difference.
- Shivaji Mehta:** Got it. And also, on the CCS facility, what kind of margins are we targeting at the EBITDA level once the facility is ramped up fully?
- O.S. Reddy:** The CCS margins are higher side than MCC, but around 30% we are expecting.

- Shivaji Mehta:** Got it. Thank you and wishing you all the very best.
- O.S. Reddy:** Thank you.
- Moderator:** The next question is from the line of Ankur Savaria, an individual investor. Please go ahead.
- Ankur Savaria:** Good evening, sir. Regarding raising debt of Rs.1,000 crores in near future, explain why the company would ask the shareholders to agree on such a huge sum when a market cap is only about Rs.1,500 crores and it is double the entire sales for one year, sir, so, what expenditure do you see in near future that you want the permission for Rs.1,000 crores of debt?
- O.S. Reddy:** As of now, it does not mean that we will take the total debt. As and when it is required, we will take the bank loans after the Board of Directors' approval. But as of now, it does not mean that Rs.1,000 crores debt will be taken. Whenever there is an opportunity, now we are expanding and any CAPEX is required either we can go equity or debt. If we go for equity, there is no requirement. Even if there is a short-term arrangement, if it has to be made, then we will take and then again that can be replaced with further equity infusion. But it is not the case that the company will raise Rs.1,000 crores debt.
- Ankur Savaria:** Yes, but when you are asking for such a huge sum, there might be some expected expenditure?
- O.S. Reddy:** Ankur, one more thing. Even the company size also is increasing. If you want to take the working capital limits or at any point of time, suppose right now we have Rs.200 crores of limits are there, but of course, the utilization would be around Rs.130 crores or so. But once it increases to Rs.300-400 crores, then we cannot pause and take the approach. Normally, this is the practice of the companies to take the approvals and then as and when there is a requirement and based upon the opportunities, a debt will be taken and then later on, it will be offset by the internal accruals or equity infusion or a further cheaper debt. If suppose, if you take a debt of Rs.300 crores and again, there is a further debt or NCD, something we are raising, then all the existing Rs.300 crores and another Rs.300 or Rs.400 crores also is required to replace it. For time being, the total debt limit is required up to Rs.700-800 crores and then after taking the new debts and paying off the initial debt, then it will come down automatically. But there should not be any overlapping and because of non-availability of the limits, we should not miss the opportunity. That is the reason companies take the higher limit. It does not mean that the company will take a debt of Rs.1,000 crores.
- Ankur Savaria:** So, are you again planning to go through the preferential share route that you did earlier?
- O.S. Reddy:** Yes, as of now, we cannot disclose anything, but there are different, different plans are there. But once the board approves, then which is better, good to the company, then we can disclose it, Ankur.

- Ankur Savaria:** The last time the preferential share route that you took, the preferential share amount was very big and it was only seen as an opportunistic from the promoters that they did not have the money, they took part in the preferential share and later they had to sell their shares. So, it was very opportunistic that you at a price of Rs.26, you took the preferential share, sold the share at Rs.40 and have reduced your promoter holding. So, to the market and to the shareholders, it is not a good sign for what the promoters are doing.
- O.S. Reddy:** See, Ankur, always the promoters, see, their vision is different, they wanted to do good to the company. And see, at the time of requirement, the promoters, they came forward and then at that time, see, anybody is investing or infusing it to the company, some sort of risk is involved and they came forward and then invested into the company. And there is nothing wrong as per the act, as per the applicable provisions only, it was invested and we keep on going.
- Ankur Savaria:** See, I agree that everything is as per the rules, but you will see that the entire chapter of your preferential share, some of the people did not put in their money in time, their money was forfeited, the promoter had to sell their shares on the last day for which they could deposit the money, after that they had to pledge the shares. So, if in case you have the route of going and getting debt from the bank, do you not think that the management also has to show their faces to the shareholders and it should be in a good light that we will not see them as an opportunistic promoter who would like to do that again and again to the shareholders, I do not think that shows good on the promoters.
- O.S. Reddy:** Yes, Ankur, that is the decision, the opportunities to be seen and that is the decision of the investor. As an investor, they have invested into the company, there is no other motto. And depending upon the market opportunities and the requirement of the cash flows into the company, they took the decision, but nothing wrong in that.
- Ankur Savaria:** Okay, sir. Thanks a lot for answering my question.
- O.S. Reddy:** Thank you, Ankur.
- Moderator:** The next question is from the line of Suresh Gomarty, an individual investor. Please go ahead.
- Suresh Gomarty:** Sir, good evening. Hello! Sir, in your fixed assets, the value of the building is more than the plant and machinery. Why is it so, sir?
- O.S. Reddy:** Yes, there is a separate new building is there. Obviously, sometimes there is more than plant and machinery. Even plants and machineries can be infused later, but once the production is started in the running facility, we cannot do the civil works. That is the process being followed by any other capital intensity industries. They incur the civil costs whatever they have to incur, and because during

the operations, getting civil work done, it is a challenge. That is why do the complete civil work, and later on, we can keep on infusing the equipment and to increase the capacity segmentation.

**Suresh Gomarty:** One small thing, sir. For the last two years, our building value has been increased by Rs.150 crores. Actually, what we have done, sir, in that amount?

**O.S. Reddy:** Yes, the buildings only we have constructed and wherever some alterations are required or even restrengthening done in some cases, and this is completely for the civil works we have invested, Suresh.

**Suresh Gomarty:** Is it a corporate office or a plant, sir, like?

**O.S. Reddy:** Of course, yes, that is at the plant level only, all the three plants, majorly for Dahej and Jhagadia.

**Suresh Gomarty:** Okay.

**O.S. Reddy:** Thank you, Suresh.

**Moderator:** Thank you. This is the last question for today. I now hand the conference over to management for closing comments. Thank you and over to you.

**Amit Raj Sinha:** Thank you. As we close today's call, our focus remains on strengthening the operations, advancing our expansion projects and moving forward on our journey towards becoming a fully integrated pharma company. With focus on disciplined execution, we are confident of creating sustained value for all the stakeholders. Thank you for joining us and we look forward to interacting with you again next quarter. Thank you.

**Moderator:** Thank you. On behalf of Sigachi Industries Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.